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DPD-6265-59

25 September 1959

MEMORANDUM FOR: Chief, Audit Staff

THROUGH : Deputy Director, (Plans)

SUBJECT : Audit of Project CHALICE for Period Ending 28 Feb 1959

REFERENCE : DPD-2497-59, dated 15 April 1959

1. Reference is made to paragraph 20 of subject audit report requesting this Division to follow up on recommendations set forth therein.

2. This is to advise that action has been completed on all matters under cognizance of the Finance Section of DPD with the following results:

(a) Re para 18: the over-payment of per diem has been collected and the expense was correspondingly reduced as evidenced by Monetary Branch receipt number 28409, dated 20 July 1959.

(b) Re para 19: special approval has been obtained from the Deputy Director (Support) for the purchase of various items of household equipment not provided for on [redacted] Appropriate entries have been made for the clearance of suspended vouchers.

(c) Re para 17: the credit balance in the rental account appearing on the [redacted] financial records was cleared by the station on the 31 May accounting.

3. Material Branch, DPD, has completed a study of the Composite Memorandum Receipt procedures and has come to the conclusion that it would be impractical and well-nigh impossible at this late date to effect an accurate reconciliation. The principle reason for this view is based on the fact that in the early days of the Project it was expected that the activity would be short-lived and many items were considered expendable. However, the Project is now in its fourth year and while accurate records are being maintained, it is extremely difficult to reconcile Headquarters with the field on those requisitions and purchases made before it became evident the activity would continue. In this connection, Material Branch, DPD, would like to meet with members of the Audit Staff and discuss a plan to allow the dropping of accountability on items which defy reconciliation.

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4. Materiel Branch and Communications Section, DPD, are now preparing a list of property items installed in the Comm trailers (para 14 subject report). Upon completion, a determination will be made as to whether the trailers should be picked up as one modified unit at the respective overseas installations or the individual items carried separately.

5. Re para 15, subject report, 33 watches of the 67 have been turned in. Another 6 have been surveyed as part of the equipment destroyed in lost articles. Field detachments have been requested to make a physical inventory of watches and upon receipt of this information, the account will be reconciled.

6. As soon as further information on above items are received, the Audit Staff will be notified. In the meantime, it is recommended that the audit staff meet with the DPD Materiel Branch as mentioned in para 3 above in order to reach a determination on the best approach to effecting the required reconciliation of memorandum receipts.

SIGNED

JAMES A. CUNNINGHAM JR.
Acting Chief, DPD

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